

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD A JOINT MEETING WITH THE ROCKY MOUNT TOWN COUNCIL AND THE FRANKLIN COUNTY SCHOOL BOARD ON TUESDAY, OCTOBER 23, 2012, AT 7:00 P.M., IN THE BOARD OF SUPERVISORS MEETING ROOM LOCATED IN THE GOVERNMENT CENTER, 1255 FRANKLIN STREET, SUITE 104, ROCKY MOUNT, VIRGINIA.

- THERE WERE PRESENT:

David Cundiff, Chairman
Bob Camicia
Ronnie Thompson
Charles Wagner
Bobby Thompson
- ABSENT:

Leland Mitchell, Vice-Chairman
Cline Brubaker

- OTHERS PRESENT:

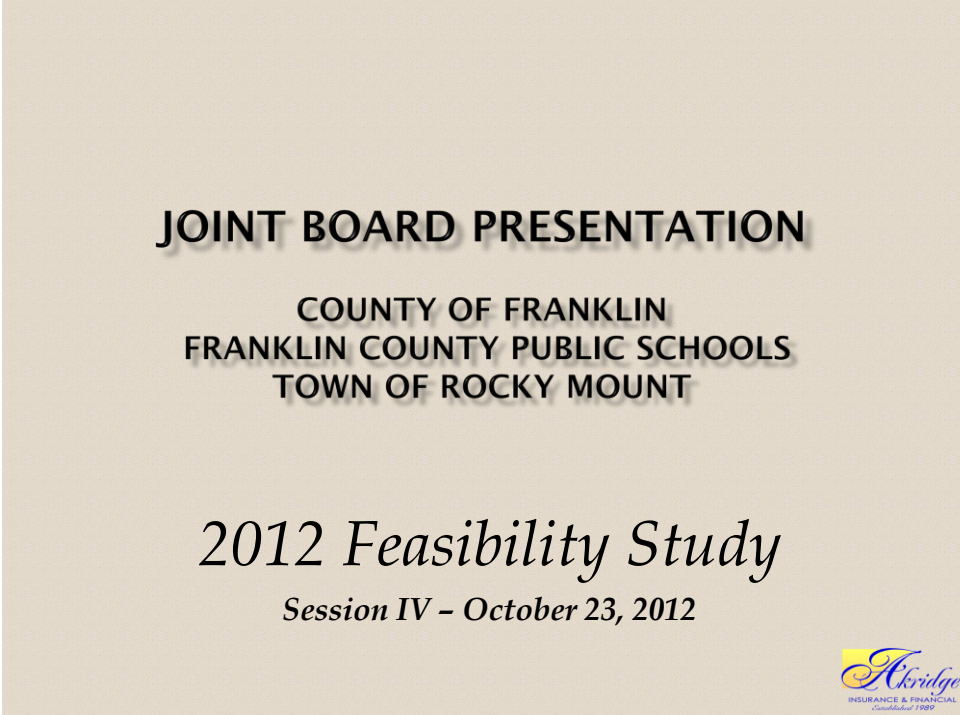
Richard E. Huff, II, County Administrator
Christopher Whitlow, Asst. Co. Administrator
Larry Moore, Asst. Co. Administrator
Sharon K. Tudor, MMC, Clerk

David Cundiff, Chairman, called the meeting to order.

Joyce Jones, Consultant, Akridge Insurance Agent, briefly highlight the identified differences of the current policy.

Linda Broughman, Account Executive, reviewed cost projections for the Wellness & Disease Management Programs.

Patsy Akridge, Senior Health Insurance Consultant, presented the following PowerPoint regarding Franklin County, Rocky Mount and School Board employees combined health & dental insurance plan:



The Objective

- ▣ Work with the County, Town and School System to identify the feasibility of merging the health and dental plans
- ▣ Evaluate and review existing plans including total liability exposure; review self-insured funding option which would reduce the state premium tax.
- ▣ Review the feasibility of implementing High Deductible Plans with HRA.
- ▣ Review the feasibility of implementing a wellness plan and on-site clinics
- ▣ The state premium tax savings would subsidize the HSA & HRA accounts and wellness program



Identified Differences

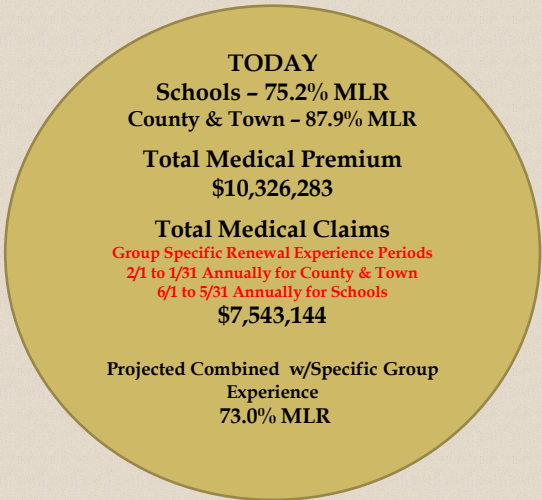
(EXHIBIT I - ATTACHMENT)

- ▣ Effective Date of Plans
- ▣ Medical & Dental Benefits
- ▣ Experience Periods (12 Months)
- ▣ Specific Pooling Level
- ▣ New Hire Eligibility Waiting Periods
- ▣ Retiree Eligibility Guidelines
- ▣ Simple Wellness Program - County & Town
- ▣ Rate Differences
- ▣ Rate Structure (10 and 12 Months)
- ▣ Rate Structure Schools 5-Tier Dental Rates
- ▣ Employer Contributions
- ▣ HRA Contributions - Currently County Contributes
- ▣ FSA Contributions - Currently Town & County Contributes
- ▣ Dental Benefits (Employer Sponsored & Voluntary)



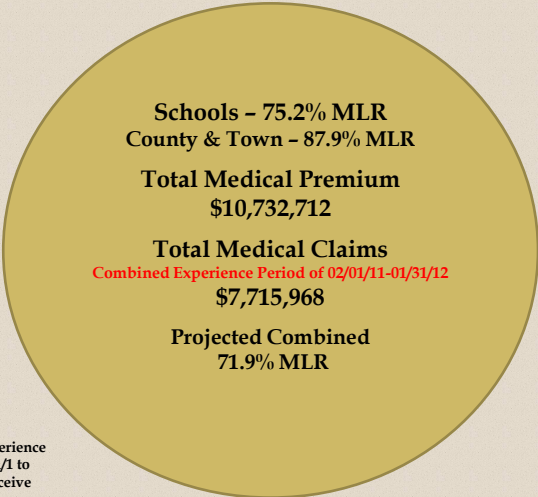
Projected 2013 Results

One Large Group



Projected 2013 Results

One Large Group

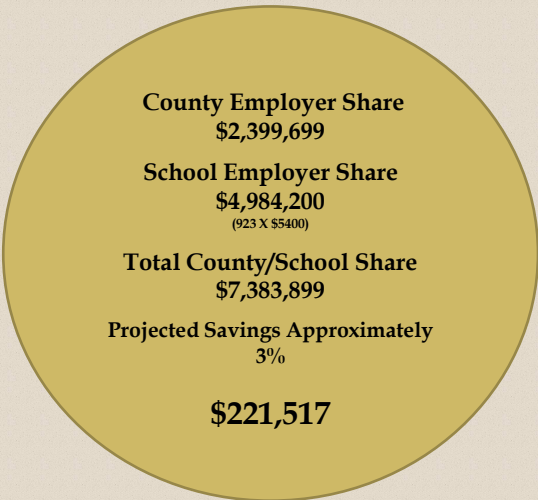


Proposed Combined New Experience
Period For Future Years to be 1/1 to
12/31 Annually In Order to Receive
Renewal 1st Week of February



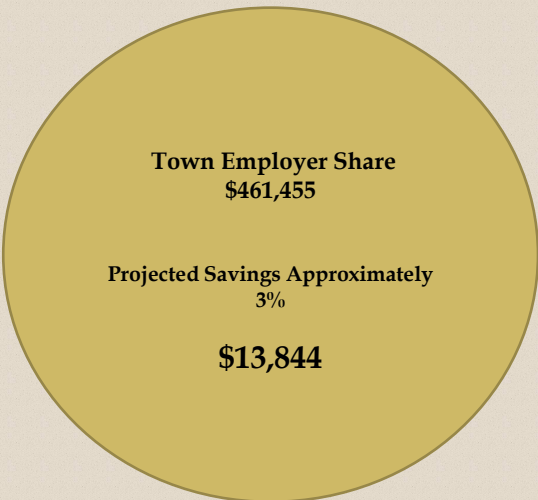
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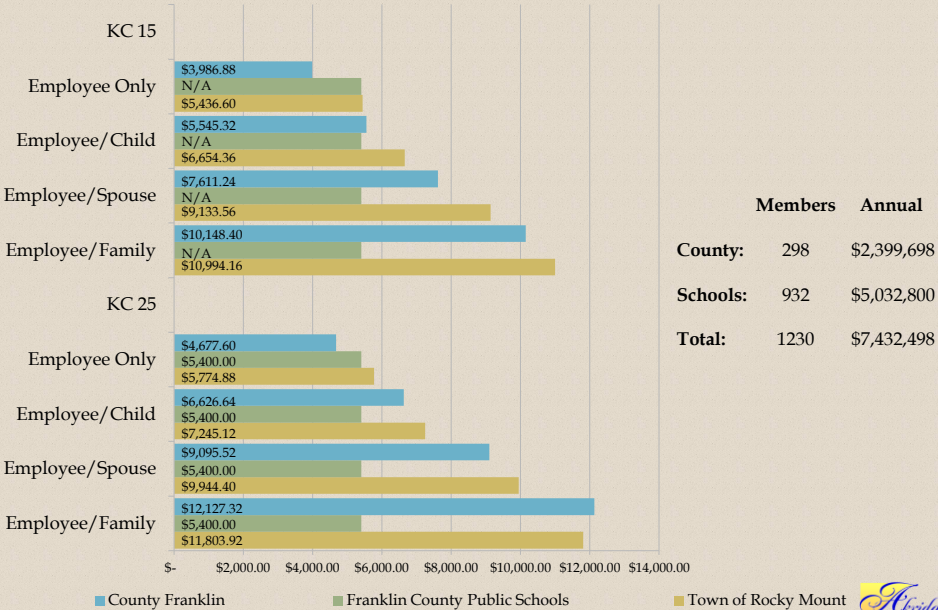


Group Census Enrollment

Enrollment As of November 1, 2012													
Type Enrollment Coverage	Franklin County Schools			Town of Rocky Mount				County of Franklin					Total Combined Group
	KC 500			KC15		KC25		KC15		KC25			
	Active	Retiree	COBRA	Active	Retiree	Active	Retiree	Active	Early Retiree	Active	Retiree	COBRA	
EE/Only	778	54	1	3	1	24	1	27	3	78	4	1	975
EE/Child	55	1	1	0	0	6	0	3	0	16	1	0	83
EE/Spouse	34	6	1	2	1	8	1	4	2	54	0	0	113
EE/Family	56	1	1	0	0	14	0	1	1	98	0	0	172
Total Employees	923	62	4	5	2	52	2	35	6	246	5	1	1343
Total Members	1171	74	9	7	3	111	3	44	10	601	6	1	2040



Annual Employer Share



Cost To Bring Contribution Parity For Schools To Match County

EXHIBIT VII - Attachment

\$500,562
(Based On Current Enrollment)



Group Census Enrollment

Schools Assumption Enrollment To Match County % Enrollment As of November 1, 2012															
Type Enrollment Coverage	Franklin County Schools					Town of Rocky Mount				County of Franklin					Total Combined Group
	KC 500					KC15		KC25		KC15		KC25			
	Active	%	Assume	Retiree	COBRA	Active	Retiree	Active	Retiree	Active	Early Retiree	Active	Retiree	COBRA	
EE/Only	778	31.7%	293	54	1	3	1	24	1	27	3	78	4	1	490
EE/Child	55	6.5%	60	1	1	0	0	6	0	3	0	16	1	0	88
EE/Spouse	34	22.0%	203	6	1	2	1	8	1	4	2	54	0	0	282
EE/Family	56	39.8%	367	1	1	0	0	14	0	1	1	98	0	0	483
Total Employees	923		923	62	4	5	2	52	2	35	6	246	5	1	1343



Cost To Bring Contribution Parity For Schools To Match County

EXHIBIT VII-A - Attachment

\$2,820,024

(Based On Assumption % Enrollment to Match County)



Current Employer Dental Cost

- Town of Rocky Mount \$ 32,843
- County of Franklin \$147,733
- Schools \$ -0-
- Schools Cost to Match County Contributions \$213, 594



Surrounding Employer Comparison

- 11 of 19 Employers are Self Insured
- 2 of 19 Employers are Partially Self Insured
- 6 of 19 Employers are Fully Insured
- 9 of 19 Employers Contribute the Same Across the Board
- 8 of 19 Employers Offer High Deductible Health Plans
- 9 of 19 Employers Contribute to the HRA or HSA Fund
- 11 of 19 Employers Offer Two (2) or More Plans
- 3 of 19 Offer Formal Wellness Plan
- 1 of 19 Employers is insured by Piedmont Health Plans
- 1 of 19 Employers is insured by United Healthcare
- 1 of 19 Employers is insured by Gateway
- 2 of 19 Employers are insured by The Local Choice
- 14 of 19 Employers are insured by Anthem



Surrounding Employer Comparison
(EXHIBIT II, III, IV - ATTACHMENTS)

Business Entity	Carrier	Funding	Renewal	Benefit Plans			HRA/HSA	Wellness Program
Altavista Town of	TLC	Partially SI	July	KA 250			No	No
Bedford Schools	PCHP	Self-Insured	October	HDHP 2500			Yes \$114 Per Month	No
Bedford Schools	PCHP	Self-Insured	October	HDHP 1500			Yes \$114 Per Month	No
Botetourt County Employees	Anthem	Self-Insured	July	KC 200			No	No
Campbell County Employees & Schools	Anthem	Self-Insured	January	Lumenos 3000	KC 500		Yes \$1000EE/2000 DEP	No
Danville City Employees	Anthem	Self-Insured	July	KC 25	HDHP 3000		Yes \$1000EE/2000DEP	No
Danville City Schools	Anthem	Self-Insured	October	KC 1000			No	No
Franklin County Board	Anthem	Fully-Insured	July	KC15			No	No
Franklin County Board	Anthem	Fully-Insured	July		KC25/500		Yes \$250/500 DEP	No
Franklin County Schools	Anthem	Fully-Insured	October	KC500			No	No
Halifax County Board	Anthem	Fully-Insured	July	KC 200	KC 25/500	GHSA1250	Yes \$384 EE/DEP	No
Halifax County Schools	Anthem	Fully-Insured	October	KC 20	KC 15/300	KC 25/500	No	No
Henry County Employees & Schools	Anthem	Fully-Insured	July	KC 20			No	No
Martinsville City Employees w/salaries under \$35,000	Anthem	Self-Insured	July	HDHP 3000			HSA-\$500EE/\$980DEP HRA-\$1000EE/\$2000DEP Plus \$220 Routine Physical	No
Martinsville City Schools	Anthem	Self-Insured	July	HDHP 3000			HSA-Additional \$60	No
Patrick County Employees & Schools	Gateway	Self-Insured	October	PPO 1000	PPO 2000		No	Yes
Roanoke City Schools	UHC	Self-Insured	January	POS 500	HRA 2000	HDHP 3000	HRA \$1000/\$2000	Yes
Roanoke County Employees & Schools	Anthem	Self-Insured	July	KC 200			No	Yes
Town of Rocky Mount	Anthem	Fully-Insured	July	KC15			No HRA OR HSA YES FSA	No
Town of Rocky Mount	Anthem	Fully-Insured	July		KC25/500		No HRA OR HSA YES FSA	No
Washington County Employees	TLC	Partially SI	July (2011)	KA 250	KA 500		No	No
Washington County Schools	Anthem	Self-Insured	October	KC 200/90	KC 30/1000	KC 30/2000	No	No

Legend:

HDHP-High Deductible Health Plan
HRA-Health Reimbursement Arrangement
HAS-Health Savings Arrangement
NE-Not Eligible

10/19/2012lr



Cost Projections
Wellness & Disease Management Programs
Years 1-3

- Estimated Monthly Cost \$13.50 Per Participant
- Annual Cost \$214,000
 - (Based on 100% participation 1215 Employees & 106 Covered Dependent Spouses)
- Projected Return on Investment 3:1 Around Year 3
- \$243,479 Potential Claims Utilization Reduction

Years 4-5

- Estimated Monthly Cost \$16.75 Per Participant
- Annual Cost \$221,000
 - (Based on 100% participation 1215 Employees & 106 Covered Dependent Spouses)
- Projected Return on Investment 5:1 Around Year 10
- \$405,798 Potential Claims Utilization Reduction



Cost Projections
On-Site Clinic & Management Services

- ❑ 20 Hour Clinic Pricing \$165,000
- ❑ 40 Hour Clinic Pricing \$230,000
- ❑ Projected Return on Investment 1.5:1
- ❑ Estimated Cost for Onsite Clinic for Wellness & Medical Management:
 - ❑ The Estimated Cost includes Nurse Practitioners & Required Supervising Physicians.
 - ❑ Estimated Cost *does not* include medical supplies, laboratory fees and miscellaneous administrative fees for postage, printing, etc.
 - ❑ Estimate Cost *does not* include “build out” cost
 - ❑ *No* Performance Guarantee is included



1-5 Year Strategy

- ❑ RFP Process for Medical to Combine Groups with the Following Provisions:
 - Fully Insured Funding until claims stabilize
 - Renewal Date to be July 1st Annually
 - Experience Period Change to End 12/31 in Order to Receive Renewal by 1st Week of February
 - Rate Structure to be Quoted on a 4 Tier and 5 Tier Rate Structure
 - New Hire Eligibility to be 1st of the Month Following Date of Hire
 - Spouse Coverage Only Available if Spouse not Eligible for Coverage Elsewhere
 - Grandfather Existing Employees with Spouse Coverage
 - Retiree Coverage to be in Accordance with Carrier Guidelines (Requires Additional Discussion)
- ❑ Implement Benefit Parity
 - Medical Benefit Structure
 - All Carrier Benefit and Legislative Changes will be Applicable for 7/1/13
 - Dental Benefit Structure
- ❑ Offer Triple Option Year 1 - 2013
 - PPO 25 PPO 30/1000 PPO 30/2000
 - County Maintain HRA Funding on Current KC25 & New Plan Offerings
 - Schools Implement HRA Funding on KC25 & New Plan Offerings
 - Town Maintain FSA and/or HRA Funding on KC25 & New Plan Offerings
- ❑ Recommend Schools Incrementally Start Increasing Employer Share 2013 to Start Bringing Complete Parity By 2017 as a 5 Year Strategy (Exhibit VII)



1-5 Year Strategy (Continued)

- Offer Triple Option Year 2 - 2014
 - Recommend No Changes
- Offer Triple Option Years 3 - 5 - 2015-2017 (Exhibit V, V-I)
 - Offering More Aggressive HSA High Deductible w/ HSA Contributions
- RFP Process for Dental to Combine Groups (Exhibit VI)
 - Same Provisions as Medical Apply
- Reconsider Implementation of Wellness Program 2015



Members Meeting Out of Pocket 2010 & 2011 Calendar Year

- ▣ Total Members/Meet Out of Pocket

2010

2011
- ▣ County

800/32

778/31
- ▣ Schools

1243/50

1215/49
- ▣ Projections based on previous history showing that only 4% of total enrolled employees & dependents met their out of pocket in CY 2011.



Benefit Plan Decrement Changes

Benefit Plan Decrements to Change from KC15					
KC25	KC30	KC30/2000	GHSA312-1250	GHSA448-3000	GHSA449-5000
-4.4%	-7.4%	-12.2%	-14.3%	-31.3%	-43.0%

Benefit Plan Decrements to Change from KC25					
KC25	KC30	KC30/2000	GHSA312-1250	GHSA448-3000	GHSA449-5000
N/A	-3.3%	-8.3%	-10.5%	-28.3%	-40.5%

Rates for GHSA312/448/449 Plans Assume Employer Plans Fees



2013-2014 Recommended Benefit Plan

Triple Option Annual Deductible Plan			
	PPO 25/500	PPO 30/1000	PPO 30/2000
In-network	\$500 per member \$1,000 per family	\$1,000 per member \$2,000 per family	\$2,000 per member \$4,000 per family
Out-of-network	\$750 per member \$1,500 per family	\$1,500 per member \$3,000 per family	\$3,000 per member \$6,000 per family
Out-of-pocket maximum			
In-network	\$3,000 per member \$6,000 per family	\$3,500 per member \$7,000 per family	\$4,500 per member \$9,000 per family
Out-of-network	\$4,500 per member \$9,000 per family	\$5,250 per member \$10,500 per family	\$6,750 per member \$13,500 per family
Referrals Required?	No referrals required	No referrals required	No referrals required
Office visit copayment/coinsurance			
In-network	PCP-\$25/visit; \$50 Spec	PCP-\$30/visit; \$50 Spec	PCP-\$30/visit; \$50 Spec
Out-of-network	40% coinsurance after out-of-network deductible	40% coinsurance after out-of-network deductible	40% coinsurance after out-of-network deductible
Outpatient prescription drug			
Retail Pharmacy Copayment per 30-day supply Tier 1 Generic/ Tier 2 Multi-Source/ Tier 3 Brand Name	\$10/30/50 or 20% whichever is greater; \$200 Maximum for Tier 3 Drug	\$10/30/50 or 20% whichever is greater; \$200 Maximum for Tier 3 Drug	\$10/30/50 or 20% whichever is greater; \$200 Maximum for Tier 3 Drug
Mail Order Pharmacy Copayment per 90-day supply Tier 1 Generic/ Tier 2 Multi-Source/ Tier 3 Brand Name	\$10/60/150 or 20% whichever is greater; \$400 Maximum for Tier 3 Drug	\$10/60/150 or 20% whichever is greater; \$400 Maximum for Tier 3 Drug	\$10/60/150 or 20% whichever is greater; \$400 Maximum for Tier 3 Drug



HRA Projections

Health Reimbursement Arrangement at \$250 Per Active Enrolled Employee											
	Baseline 100%	20%	30%	40%	50%	60%	70%	80%	90%	100%	% Enrolled KC25
Schools	923	185	277	369	462	554	646	738	831	923	
	\$230,750.00	\$46,150.00	\$69,225.00	\$92,300.00	\$115,375.00	\$138,450.00	\$161,525.00	\$184,600.00	\$207,675.00	\$230,750.00	
County	281	56	84	112	141	169	197	225	253	281	87.5%
	\$70,250.00	\$14,050.00	\$21,075.00	\$28,100.00	\$35,125.00	\$42,150.00	\$49,175.00	\$56,200.00	\$63,225.00	\$70,250.00	
Town	57	11	17	23	29	34	40	46	51	57	91.2%
	\$14,250.00	\$2,850.00	\$4,275.00	\$5,700.00	\$7,125.00	\$8,550.00	\$9,975.00	\$11,400.00	\$12,825.00	\$14,250.00	

Green Highlight Represents Current 246 Active Enrollment in KC25 w/HRA County Reimbursement of \$250
Peach Highlight Represents Current 52 Active Enrollment in KC25 w/HRA County Reimbursement of \$250



Calendar 2012-2013

August 20, 2012	Contract Awarded
September, 2012	Contract Executed
September 5, 2012	Feasibility Study Kick off Meeting – Session I
September 25, 2012	Feasibility Study Analysis Review - Session II
October 17, 2012	Feasibility Study Recommendation – Session III
October 23, 2012	Feasibility Joint Board Presentation – Session IV
October 30, 2012	Release Joint Medical & Dental Request for Proposal
November 29, 2012	Bid Opening at 11:00 A.M.
December 13, 2012	Committee Meeting - RFP Analysis Review 9:30-1:00
December 19, 2012	Committee Meeting - RFP Analysis Review
1/TBD/2013	RFP Analysis Joint Board Presentation
1/TBD/2013	Decision to Carrier – Recommend No Later Than 2/28/13
4/1/2013 - 5/15/2013	Open Enrollment w/ Required SBCs – 4-6 Week Period
June 1, 2013	Applications to Carriers
July 1, 2013	Contract goes into Effect
August 1, 2013	Benefit Booklets Available From Carrier

Questions?



General discussion ensued.
(RESOLUTION #15-10-2012)
BE IT THEREFORE RESOLVED, by the Board of Supervisors to authorize Akridge Insurance Firm to solicit bids for group health and dental insurance to include the combined groups of the

County of Franklin, Town of Rocky Mount and the Franklin County School Board employees (contingent upon acceptance from the Rocky Mount Town Council)with bid results to be reviewed and brought back to the respective boards for their consideration during the January 2013 Board meeting with the understanding there will be no obligation to either of the Boards.

MOTION BY: Ronnie Thompson
SECONDED BY: Bob Camicia
VOTING ON THE MOTION WAS AS FOLLOWS:
AYES: Thompson, Camicia, & Thompson
NAYS: Wagner & Cundiff
ABSENT: Mitchell & Brubaker

MOTION PASSED WITH A 3-2-2 VOTE

REVIEW OF PROPOSED 5/6 YEAR CASH/LOAN SCHOOL CAPITAL PROJECTS PLAN

Vincent Copenhaver, Director of Finance, presented and highlighted the following questions and answers concerning the proposed Five-Year School Capital Plan:

Franklin County

Questions and Answers Concerning the Proposed Five Year School Capital Plan

- Q: Could this borrowing be done by the County instead of the Schools
A: Yes.
- Q: Could the Schools borrow these funds and invest the proceeds until needed?
A: Yes, but there are statutory limits on the investment of unspent bond proceeds that are set forth in the Investment of Public Funds Act. The County could be required to rebate all earnings in excess of one eighth of one percent above the interest payable rate to the federal government although it's also possible the County could be eligible for the small issuer arbitrage rebate exemption. The current rate of interest being offered through the State Non-Arbitrage Program (SNAP) is 0.29%.
- Q: Can the scope of the proposed capital projects be changed?
A: Flexibility can be built into the public hearing notice that will identify the projects in a broad manner. That flexibility is not unlimited which could make it difficult to transfer funds for a School project to a parks and recreation project. The Board of Supervisors may require that any change in the list of school projects be approved by that body before the project is undertaken.
- Q: Could a revolving line of credit be utilized to finance these projects?
A: Yes, although the County/Schools would need to negotiate a fixed interest rate for the duration of the line of credit.
- Q: How are we managing the current debt drop off?
A: The County is maintaining the same level of debt service payments in the current fiscal year as the year before. As our debt service payments decline, recurring debt service funds are generated that are being held in the debt service fund of the County. In the current year, these amounts are:
- | | |
|---------|--|
| County | \$214,510 |
| Schools | \$296,000 (An additional \$105,000 will drop off in FY13-14) |

Although we segregate these funds, they can be used for whatever purpose the Board of Supervisors decides and at whatever point they determine.

Lee Cheatham, stated there were no concerns with questions and answers, as long the School Board can move forward with the capital projects and agreed with the County Finance Director to solicit proposals for the financing of the project.

Lee Cheatham, Director of Business & Finance, School System, presented to the Board of Supervisors a request that County staff review all additional appropriation requests from the Franklin County Public Schools.

The Schools are requesting approval to borrow \$5,435,796 for five years and use the loan proceeds to complete the submitted list of capital projects. A total of \$6.3 million in projects is listed. \$5.4 million will be borrowed and \$839,744 will be utilized from accumulated debt service reserve funds (\$487,000) and remaining school CIP funds in the current fiscal year (\$352,744).

Staff recently presented an analysis of the projects as well as other funding options for the Board’s consideration.

RECOMMENDATION:

Staff respectfully requests the Board’s consideration of the submitted capital/loan request from the Schools. Options are presented to fund the request as presented, reduce the amount borrowed, or extend the amortization period in order to provide various scenarios for making funds available for other Capital Projects that might arise during the loan payoff period.

As you review the list of projects, please consider the following:

- Projects have been added or deleted to the proposal since it was first presented last January. Several new projects are not included on the CIP listing presented last November 2011. These projects include the water system upgrades at Callaway, Sontag and Dudley, additional asphalt replacement at BFMS and security camera upgrades. The Ramsey Hall Kitchen project has been deleted since that project is now completed.
- Lee M. Waid and Snow Creek cafeterias were selected for air conditioning because they are rather small and hotter than the other elementary locations. This is caused by their physical locations and heat that escapes from the kitchens. The ventilation of heat is also not very good.
- Interest on the loan could be offset by the following:
 - Excellent bid climate at the present time – 15-18% spike in construction costs have been experienced in the past after recessionary periods ended. Current construction costs are relatively low and multiple bids have been received on recent projects.
 - Economies of scale to design multiple roof replacement projects at the same time.
 - Some interest earnings on borrowing proceeds that will help offset interest expense. Loan proceeds must be spent within three years.
 - Low interest borrowing costs – interest rates could go up in the future.
- This plan will be funded by existing revenue resources and will not require any tax or other revenue increases.
- These funds could also be borrowed for a longer period of time such as 8 or 10 years. Borrowing for a longer period of time would provide additional recurring funds on a yearly basis for other possible capital projects and emergencies. A glaring negative of borrowing longer is additional interest expense:

Assuming that the current level of \$1,279,000 is available each year (\$880,000 CIP funding and \$399,000 from debt service drop off), one alternative would be to extend the amortization period to allow some funds to be held for other maintenance or capital projects that pop up during the payback period. Two scenarios are listed below.

<u>LOAN LENGTH</u>	<u>ANNUAL PAYMENT</u>	<u>ANNUAL FUNDING AVAILABLE BY BORROWING LONGER</u>	<u>TOTAL INTEREST EXPENSE OVER LIFE OF LOAN</u>
8 Years	\$742,039	\$536,961	\$500,519
10 Years	\$605,148	\$673,852	\$615,687

**FRANKLIN COUNTY
ANALYSIS OF FIVE YEAR SCHOOL CAPITAL PROPOSAL
SEPTEMBER 24, 2012**

Projects Listed on Proposed Five Year Capital Improvement Plan(Five Year Borrowing):

<u>Project Description</u>	<u>Amount</u>	<u>Comments</u>
Roof Replacement for Boones Mill, Dudley, Sontag and Rocky Mount	\$2,380,755	Covers all Scheduled Roof Replacements Through FY17-18
Upgrade Water System at Callaway, Sontag, Dudley	\$317,675	New Projects Since November 2011 CIP Listing

Asbestos Removal/Floor Tile Replacement	\$700,000	\$140,000 Listed per Year on Most Recent CIP - This Request Covers the Current Fiscal Year Plus Four More Years (a Total of 5 Years)
Gym Floor Replacement at BFMS West and Hawkins	\$453,120	Both Projects Listed on FY12-13 CIP
Plumbing Fixture/Partition Upgrades	\$500,000	\$100,000 Listed per Year on Most Recent CIP - This Request Covers the Current Fiscal Year Plus Four More Years (a Total of 5 Years)
Asphalt Replacement BFMS East Bus Loop, BFMS West, to Trail Drive, BFMS West Teacher Lot, BFMS West Behind Cafeteria	\$565,710	West Teacher Lot and Behind Cafeteria Listed on FY12-13 CIP (\$241,695) East Bus Loop and West to Trail Drive not listed on Nov 2011 CIP (\$324,015)
Security Camera Upgrades - Analog to HD	\$301,010	New Project Since November 2011 CIP Listing
Replace Six Unit Ventilators at Burnt Chimney	\$306,130	Listed on FY13-14 CIP
Central Station Smoke Detectors All Schools	\$320,000	Listed on CIP for FY16-17
Air Condition Cafeterias at Lee Waid & Snow Creek	<u>\$431,140</u>	Listed on CIP for FY12-13
	Total Request	<u>\$6,275,540</u>

What Remains on Five Year CIP (November 2011 List) That is Not Included Above?

School Bus Replacement	\$4,979,529	Approx \$1.2 Million Per Year Over the Next Four Years (13-14 through 16-17)
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Other Projects:		
Sports Turf at FCHS	\$2,194,380	FY13-14 through FY15-16
FCHS: Press Box Additions	\$155,000	FY14-15
BFMS Field Lighting	\$132,953	FY14-15
Asphalt Replacement: Driver Ed Range, Bus Parking Lot, Maintenance Lot	\$950,340	FY13-14, FY14-15
Air Conditioning Unit at Snow Creek Gym	\$151,250	FY12-13
Air Condition In Other Elementary Cafeterias	\$1,873,138	FY12-13, FY13-14
Central Office Expansion	\$550,000	FY14-15
Maintenance	\$302,903	FY15-16

Expansion		
Additional Bus Garage Bays	\$1,000,000	FY16-17
BFMSW Lighting, HVAC System		
Replacement	<u>\$3,397,500</u>	FY16-17
Total of Other		
Projects	<u><u>\$10,707,464</u></u>	

Debt Information:

Total Projects Proposed to be Funded by	
Loan	\$6,275,540
Less Accumulated Debt Service Reserve	
Funds	(\$487,000)
Less Remaining County Capital Available	
12-13	<u>(\$352,744)</u>
= Amount to	
Borrow	<u><u>\$5,435,796</u></u>

***Example of Possible Five Year Debt Service
Schedule:***

<u>Fiscal</u> <u>Year</u>	<u>Payment *</u>	<u>2%</u> <u>Interest</u>	<u>Principal</u>	<u>Loan</u> <u>Balance</u>
12-13				\$5,435,796
13-14	\$1,279,000	\$108,716	\$1,170,284	\$4,265,512
14-15	\$1,279,000	\$85,310	\$1,193,690	\$3,071,822
15-16	\$1,279,000	\$61,436	\$1,217,564	\$1,854,258
16-17	\$1,279,000	\$37,085	\$1,241,915	\$612,343
17-18	<u>\$624,590</u>	<u>\$12,247</u>	<u>\$612,343</u>	\$0
Totals	<u><u>\$5,740,590</u></u>	<u><u>\$304,794</u></u>	<u><u>\$5,435,796</u></u>	

* Annual Payment to be Funded as
Follows:

On-going Debt Service Reserve Funding	\$399,000
School CIP Funding in County Capital	
Fund	<u>\$880,000</u>
	<u><u>\$1,279,000</u></u>



FRANKLIN COUNTY PUBLIC SCHOOLS

Department of Maintenance

250 School Service ♦ Road Rocky Mount, VA 24151
(540)483-5538 ♦ FAX (540)483-0195

Date: September 5, 2012

Memo to: Dr. W. Mark Church, Interim Superintendent

From: Steven C. Oakes, Director of Facilities & Transportation

Re: Five Year Capital Improvement Plan Recommendation - Revised

Cc: Suzanne Rogers, Assistant Superintendent
Phillip Poff, Director of Human Resources
Lee Cheatham, Director of Business & Finance
Darryl Spencer, Supervisor of Building & Grounds

Below please find my priority funding recommendation for the projects listed in the Five Year Capital Improvement Plan:

1. Roof Replacement at Boones Mill	\$ 543,953
2. Roof Replacement at Dudley	\$ 572,610
3. Roof Replacement at Sontag	\$ 536,130
4. Roof Replacement at Rocky Mount	\$ 728,062
5. Upgrade Water System Callaway	\$ 69,225
6. Upgrade Water System Sontag	\$ 127,225
7. Upgrade Water System Dudley	\$ 121,225
8. Asbestos Removal/Floor Tile Replacement	\$ 700,000
9. Gym Floor Replacement BFMS West	\$ 171,120
10. Gym Floor Replacement Hawkins	\$ 282,000
11. Plumbing Fixture/Partition Upgrades	\$ 500,000
12. Asphalt Replacement BFMS East Bus Loop	\$ 123,000
13. Asphalt Replacement Main Road BFMS West to Trail	\$ 201,015
14. CCTV Camera Upgrades	\$ 301,010
15. Replace 6 Unit Ventilators at BC	\$ 306,130
16. Asphalt Replacement BFMS West Teacher Lot	\$ 179,370
17. Asphalt Replacement BFMS Behind West Cafeteria	\$ 62,325
TOTAL	<u>\$5,524,400</u>

Additional Items to Consider	
1. Install Central Station Smoke Detectors All Schools	\$ 320,000
2. Install Air Conditioning Lee Waid Cafeteria	\$ 208,812
3. Install Air Conditioning Snow Creek Cafeteria	<u>\$ 222,328</u>
TOTAL	<u>\$ 751,140</u>

GRAND TOTAL \$6,275,540

Updated: September 5, 2012

(Note: Revised information to delete the completed FCHS Ramsey Hall Kitchen Project.)

**FRANKLIN COUNTY PUBLIC SCHOOLS
CAPITAL PROJECTS BEING PROPOSED FOR BOND FUNDING
DETAILS AND JUSTIFICATION**

1. **Roof Replacement at Boones Mill**
The roof at Boones Mill was replaced in 1986 and is scheduled for replacement in 2012. The warranty has expired.
2. **Roof Replacement at Dudley**
The roof at Dudley was replaced in 1990 and is scheduled for replacement in 2013. The warranty has expired.
3. **Roof Replacement at Sontag**
The roof at Sontag was replaced in 1988 and is scheduled for replacement in 2014. The warranty has expired.
4. **Roof Replacement at Rocky Mount**
The roof at Rocky Mount was replaced in 1994 and is not scheduled for replacement until 2019. We are, however, beginning to experience more leaks and think it may be prudent to replace it before then. The warranty has expired.
5. **Upgrade Water System at Callaway**
A 4,000 gallon storage tank and building to house the tank will be installed as well as two booster pumps. The tank will allow us to more easily supply water to the school should a fault occur with the well or pump. The new tank will also give the well more time to rest. The existing hydro tank will be used.
6. **Upgrade Water System at Sontag**
A 4,000 gallon storage tank and building to house the tank will be installed along with a new hydro tank, two booster pumps and the associated controls. The hydro tank is original to the building (1962) and is buried underground.
7. **Upgrade Water System at Dudley**
A 4,000 gallon storage tank and building to house the tank will be installed along with a new hydro tank, two booster pumps and associated controls. The existing hydro tank is original to the building (1972) and is buried underground.
8. **Asbestos Removal/Floor Tile Replacement**
Over the last several years the division has been replacing asbestos floor tile and there are a few schools that have not been completed. In addition, we need to remove the asbestos in the tunnels at Law, Ramsey, Lee Waid, Callaway and Burnt Chimney.
9. **Gym Floor Replacement BFMS West**
The rubber compound gym floor has and is continuing to peel. There are several locations that are deteriorating to the point that we think it is wise to replace it with a hardwood floor. We have not had good success with rubber compound floors. They are hard to clean and difficult to maintain.
10. **Gym Floor Replacement Hawkins Gym**
This rubber compound floor has been repaired multiple times. There are a few spots where the compound is down to the concrete and several

locations with cuts that will eventually peel.

11. Plumbing Fixture/Partition Upgrades

The majority of our buildings are decades old with fixtures that are original to the building. In addition, we have several metal partitions that are rusting and need to be replaced.

12. Asphalt Replacement BFMS East Bus Loop

This section of pavement is the worst on the list. Some of the pavement has popped up with the remainder in pretty bad shape.

13. Asphalt Replacement BFMS Main Road BFMS West to Trail Drive

This section of pavement is also in deteriorating condition with pot holes in multiple locations.

14. CCTV Camera Upgrades

We currently maintain approximately 365 security cameras. These cameras are analog and have low resolution which makes it difficult to identify someone. We are proposing to upgrade the system to IP with HD cameras. The resolution of these cameras is much greater and will give us more flexibility in how we can use them. We intend to phase the cameras into our system with the high risk areas being completed first.

15. Replace 6 Unit Ventilators & 2 Split Systems at Burnt Chimney

The ventilators and split systems were installed in 1980.

16. Asphalt Replacement BFMS West Teacher Parking Lot

This lot continues to break down, but is in better condition than the first 2 on the list.

17. Asphalt Replacement BFMS Behind West Cafeteria

The condition of this roadway is similar to the West Hall Teacher Parking Lot.

Additional Items to Consider

1. Install Central Station Smoke Detectors

A few years ago our insurance carrier recommended that we install central station smoke detectors that would tie into the fire alarm system such that the alarm would be activated if smoke were detected. Currently, they would not be activated unless someone pulled the alarm.

2. Install Air Conditioning Lee Waid Cafeteria

This is one of the smallest cafeterias in the division and is not well ventilated.

3. Install Air Conditioning Snow Creek Cafeteria

This is also one of the smallest in the division and is not well ventilated as well.

September 7, 2012

To: Dr. W. Mark Church, Interim Superintendent
From: Lee E. Cheatham, Director of Business & Finance
Subject: Debt Service Budget Reductions – Revised

Dear Dr. Church:

The following debt service budget reductions have already taken place:

<u>Fiscal Year</u>	<u>Debt Service Budget Reduction</u>
2010-11	\$ 60,000
2011-12	71,000
2012-13	<u>165,000</u>
Total	<u>\$296,000</u>

This \$296,000 has been used in the proposed 5-year loan for facilities projects.

The following debt service budget reductions (without considering any possible future additions) will take place after 2012-13:

<u>Fiscal Year</u>	<u>Debt Service Budget Reduction</u>
2013-14	\$103,000
2014-15	47,743
2015-16	248,543
2016-17	47,239
2017-18	47,336
2018-19	661,098
2019-20	38,380
2020-21	37,711
2021-22	571,857
2022-23	16,784
2023-24	437,450
2024-25	17,000
2025-26	139,125
2026-27	11,250

Please let me know if you have any questions about this information.

cc: Mrs. Suzanne M. Rogers, Assistant Superintendent
Mr. Phillip L. Poff, Director of Human Resources
Ms. Sharon L. Tuttle, Assistant Director of Business & Finance
Mr. R. Keith Pennington, Director of Curriculum & Instruction
Mr. Steve C. Oakes, Director of Facilities & Transportation
Mr. Richard E. Huff, II, County Administrator
Mr. Vincent K. Copenhaver, County Finance Director

Franklin County Public Schools
Proposed Loan for School Capital Projects
Revised 9/7/12

Debt Service Funds Accumulated in Reserve as of 2012-13:	
\$ 60,000 x 3 =	\$180,000
71,000 x 2 =	142,000
<u>165,000</u> x 1 =	<u>165,000</u>
<u>\$296,000</u>	<u>\$487,000</u>
	\$ <u>487,000</u>
County School Capital Projects Funding Remaining for 2012-13	\$ <u>352,744</u>
(\$880,000 less FCHS Ramsey Kitchen Project - \$564,058	
Plus 2011-12 Carryover \$36,802 = \$352,744)	
Total Projects \$6,275,540 less \$487,000	
less \$352,744 =	<u>\$5,435,796</u>

- Notes:
- (1) Pay \$487,000 and \$352,744 towards the 17 remaining projects in 2012-13.
 - (2) Borrow the balance of \$5,435,796 for 5 years at an interest rate of 2.00% (estimated) - - - The first payment will not be due until 2013-14.

Funds Available for Debt Service in 2013-14:	
On-going Debt Service Reserve Funding	\$ 296,000
Debt Service Reserve Funding from 2013-14	103,000
County School Capital Projects Funding	<u>880,000</u>
Total	<u>\$1,279,000</u>

	<u>Payment</u>	<u>2.00% Interest</u>	<u>Principal</u>	
Loan Balance	-----	-----	-----	\$5,435,796
2013-14	\$1,279,000	\$108,716	\$1,170,284	4,265,512
2014-15	1,279,000	85,310	1,193,690	3,071,822
2015-16	1,279,000	61,436	1,217,564	1,854,258
2016-17	1,279,000	37,085	1,241,915	612,343
2017-18	<u>624,590</u>	<u>12,247</u>	<u>612,343</u>	<u>0</u>
Total	<u>\$5,740,590</u>	<u>\$304,794</u>	<u>\$5,435,796</u>	<u>\$ 0</u>

Below please find my priority funding recommendation for the projects listed in the Five Year Capital Improvement Plan:

PROJECT	BUDGET	PREPARE PLANS, SPECS & BIDS	COMPLETE PROJECTS
1. Roof Replacement at Boones Mill	\$ 543,953	2012-2013	Summer 2013
2. Roof Replacement at Dudley	\$ 572,610	2013-2014	Summer 2014
3. Roof Replacement at Sontag	\$ 536,130	2014-2015	Summer 2015
4. Roof Replacement at Rocky Mount	\$ 728,062	2015-2016	Summer 2016
5. Upgrade Water System Callaway	\$ 69,225	2012-2013	Summer 2013
6. Upgrade Water System Sontag	\$ 127,225	2012-2013	Fall 2013

7.	Upgrade Water System Dudley	\$ 121,225	2013-2014	Summer 2014
8.	Asbestos Removal/Floor Tile Replacement	\$ 700,000	2012-2016	Summer 2016
9.	Gym Floor Replacement BFMS West	\$ 171,120	2012-2013	Summer 2013
10.	Gym Floor Replacement Hawkins	\$ 282,000	2012-2013	Summer 2013
11.	Plumbing Fixture/Partition Upgrades	\$ 500,000	2012-2014	Summer 2014
12.	Asphalt Replacement BFMS East Bus Loop	\$ 123,000	2012-2013	Summer 2013
13.	Asphalt Replacement Main Road BFMS West to Trail	\$ 201,015	2012-2013	Summer 2013
14.	CCTV Camera Upgrades	\$ 301,010	2012-2014	Summer 2014
15.	Replace 6 Unit Ventilators at BC	\$ 306,130	2013-2014	Summer 2014
16.	Asphalt Replacement BFMS West Teacher Lot	\$ 179,370	2012-2013	Summer 2013
17.	Asphalt Replacement BFMS Behind West Cafeteria	\$ 62,325	2012-2013	Summer 2013
TOTAL		\$5,524,400		

Additional Items to Consider

1.	Install Central Station Smoke Detectors All Schools	\$ 320,000	2014-2015	Summer 2015
2.	Install Air Conditioning Lee Waid Cafeteria	\$ 208,812	2013-2014	Summer 2014
3.	Install Air Conditioning Snow Creek Cafeteria	\$ 222,328	2013-2014	Summer 2014
TOTAL		\$ 751,140		

GRAND TOTAL \$6,275,540

Franklin County
Strategy for Five Year School Capital

Spend \$1,279,000 of recurring revenue first, then draw from an established line of credit for the remaining funds needed for that year.
Pay off previous year line of credit balance with recurring funds at beginning of the next year.

Loan Proposal:					Line of Credit Proposal:			
Fiscal Year	Payment	2% Interest	Principal	Loan Balance		Line of Credit Interest at 2.25%	Number of Months for Interest Calculation	
12-13				\$5,435,796				
13-14	\$1,279,000	\$108,716	\$1,170,284	\$4,265,512	CIP Funds Requested	\$2,334,738		
					Recurring Funds Available	\$1,279,000		
					One-Time Funds Available	\$839,744		
					Balance Required from Line of Credit	\$215,994		
					Balance Owed 6-30-14	\$215,994	\$1,620	4
14-15	\$1,279,000	\$85,310	\$1,193,690	\$3,071,822	7-1-14 Pay off line of credit balance from recurring funds including interest	\$217,614		
					CIP Funds Requested	\$2,166,610		
					Recurring Funds Available	\$1,061,386		
					Balance Required from Line of Credit	\$1,105,224	\$16,578	8
15-16	\$1,279,000	\$61,436	\$1,217,564	\$1,854,258	7-1-15 Pay off line of credit balance from recurring funds including interest	\$1,121,802		
					CIP Funds Requested	\$871,130		
					Recurring Funds Available	\$157,198		
					Balance Required from Line of Credit	\$713,932	\$14,725	11
16-17	\$1,279,000	\$37,085	\$1,241,915	\$612,343	7-1-16 Pay off line of credit balance from recurring funds including interest	\$728,657		
					CIP Funds Requested	\$903,062		
					Recurring Funds Available	\$550,343		
					Balance Required from Line of Credit	\$352,719	\$3,968	6
17-18	\$624,590	\$12,247	\$612,343	\$0	7-1-17 Pay off line of credit balance from recurring funds including interest	\$356,687		
					Leaves \$922,313 for additional projects - saves \$267,903 in interest costs			

Totals	<u>\$5,740,590</u>	<u>\$304,794</u>	<u>\$5,435,796</u>
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Total Interest	<u>\$36,891</u>
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(RESOLUTION #16-10-2012)

BE IT THEREFORE RESOLVED, by the Board of Supervisors to approve the listing of the School Capital Projects, as presented, with a financial proposal for said projects to be presented to the Board for their consideration at a later date.

MOTION BY: Bob Camicia
SECONDED BY: Bobby Thompson
VOTING ON THE MOTION WAS AS FOLLOWS:
AYES: Thompson, Wagner, Camicia, Thompson & Cundiff
ABSENT: Mitchell & Brubaker

MOTION PASSED WITH A 5-0-2 VOTE.

Chairman Cundiff stated the public hearings will be held on **Tuesday, November 20, 2012 @ 8:00** with the Economic Development Advisory Committee presentation to be made to the Board from 6-8 prior to the advertised public hearings.

Chairman Cundiff adjourned the meeting.

DAVID CUNDIFF
CHAIRMAN

SHARON K. TUDOR, MMC
COUNTY CLERK